# Chapter 13 Organizational Buying Behaviour in Food and Drink

## **Multiple Choice Questions**

1. Which of the following is not a stage in the organizational buying model?
2. Interpersonal
3. Environmental
4. Supplier Selection
5. Individual Participants
6. What are the 2 sub categories in the variables of organization buying decisions?
7. Duty and Non-Duty
8. Task and Non-Task
9. On the Job and Off the Job
10. Product and Non-Product
11. In the 6 buying roles, an initiator’s job includes:
12. Identifying the need to buy a product or service to solve an organizational problem.
13. The authority to select a supplier and arrange terms of conditions for the contract.
14. Controlling the information flow to decision makers and buyers.
15. Approving all or any part of the decision-making process.
16. Which of the following is not an organizational buying member?
17. Governments
18. Institutions
19. Resellers
20. Pro buyers
21. Which 2 of the following are characteristics of the problem recognition phase?
22. Occurs from either internal or external stimuli.
23. Organization recognizes an issue or need
24. The buyer must prioritize specific product characteristics.
25. Selected suppliers put forward proposals.
26. Which of the following is not a characteristic of supplier selection?
27. Buyer rates supplier proposals based on factors including price, quality and reputation
28. Negotiation for better terms and prices
29. A final decision is made
30. Can lead to either continuing with, improving or dropping the supplier

**Revision questions**

1. Explain and analyse an organization’s 8 step buying process. Use examples where relevant.
2. Explain all six roles within an organization’s buying centre, using food and drink examples.
3. A new small organization is planning their purchasing methods for their staff canteen, which purchasing system/s would be their best option and why?

**Answers**

### Multiple choice questions

1. C
2. B
3. A
4. D
5. A, B
6. D

### Revision questions

1. *Explain and analyse an organization’s 8 step buying process. Use examples where relevant.*

For an organization to be successful, it is probably wise to follow the majority of the following 8 steps however it is not necessary. Taking examples from McDonalds they became a worldwide household brand with the support of Coca-Cola through only a handshake. The first step that is often required to start with is the Problem Recognition. In order to stay relevant or increase their market presence organizations will need to look into internal and/or external stimuli. This means looking at their existing or new product or service in an existing or new market or gain ideas from advertisements. The organization will then need to think about the existing or new product or service characteristics to have a general understand of the quantity they would like (General Description of Need). These characteristics are then specified in more detail and cost starts to play a factor to make it an effective decision for the organization, this is Product Specification. With cost playing a role within an organization’s product specification they should then look for a suitable supplier who specialises in said product or service. From here it is then decided by the organization to either follow up with the analysis of proposal or to select the supplier, for the best quality and value. An organization will then write up and handover the finalised agreed characteristics then an organization will evaluate and provide feedback on the supplier’s performance as to whether they will be used again with repeat orders or phase one will start again.

1. *Explain all six roles within an organization’s buying centre, using food and drink examples.*

In an organizations buying centre there are six main roles, the initiator, buyers, influencers, deciders, approvers and gatekeepers. They all play an important part in the decision-making process, when an organization is purchasing food and drink. The initiator is the individual or sometimes groups who recognise the need for a product. It could be a lecturer at a university who feels the need for a wider range of gluten free food. This need recognition simply initiates the buying process. The role of the buyers is to select the most appropriate supplier, arrange purchase terms and complete the purchase transaction. The buyers aim to get the best deals by negotiating with the suppliers, for instance using the anchoring technique. The influencers role is to have expert knowledge on the requirements food and drink products have and provide an in-depth evaluation of all options that could be purchased. The NHS will obtain expert knowledge on the government buying standards to ensure they do not break any legislation. The deciders have the authority to decide the final supplier, based on all the information gathered from the previous roles. If an NHS hospital was performing the buying process for a new range of coffee and the options were supplier a, supplier b or supplier c, it is the deciders choice. Then the approvers grant the proposed supplier, they are usually personnel from top management or the finance department, as they need to decide if the supplier is finically feasible. The final role is the

gatekeeper who controls the flow and attainability of information to other groups. The gatekeeper might block the information from the initiator about Starbucks being a possible supplier of coffee to the university, in case the initiator will then only be satisfied if this is the final decision.

1. *A new small organization is planning their purchasing methods for their staff canteen, which purchasing system/s would be their best option and why?*

Each purchasing system has its benefits and best suits a particular type/size of organization, although an organization could use any of the methods there are certain systems that would be ideal for the type of organization that employs it. Therefore, it is important for each organization to consider its options, and the pros and cons of each. With some systems increasing the ease of stock management, such as the E-Purchasing method, and some systems being more economic for the company.

The new small organization would most likely benefit from using a Blanket Order purchasing system, due to the minimal fluctuation in demand of the canteen food in a workplace. This will allow the organization to make an agreement with the supplier to receive a fixed quantity at a fixed cost, therefore saving the organization money in the long run. This opens up the opportunity for the company to use the Tender method, allowing the organization to choose from a number of different vendors based on their price quotations. Furthermore, the organization could make a long-term agreement with one main vendor, known as the Prime Vending method, allowing the organization to build a business-to-business relationship. This relationship would allow the organization to make deals with the supplier if a strong business-to-business relationship has been formed.

The organization could use other purchasing systems for their canteen food, such as Stockless Orders or Importation, if they wished. However, it would most likely not benefit the company, due to the expenses and/or ease of purchasing. Therefore, Blanket Order, Tender and Prime Vending purchasing methods seem to be the most suitable options.